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ATTN: OTS, docket #2000-56

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I am an investor in thrift stocks, investing for both the short term and long term.

The following are my comments on the proposed rule changes for mutual thrifts converting to stock ownership & reorganizing to the MHC structure.

1. Lifting of restrictions on stock buybacks after one year.

This is good, and generally increases the thrift's ROE and EPS.

2. OTS will generally enforce current rules that restrict the acquisition of an institution for three years after conversion. Currently this is routinely waived.

This proposal is bad. This should be a business decision of the board and management. The board has a fiduciary responsibility to its shareholders & if this is what they deem is best, they should be allowed to do it.

3. The proposed rules state that history has shown that when an institution converts it often loses its local focus & now must respond to shareholders, and infers that this is not good.

In fact, the ONLY responsibility a stock company has is to its shareholders. Management has a fiduciary responsibility to them. If it deems that shareholder value is best enhanced by maintaining a local focus, so be it. If they deem it is best to sell out in 2 years, so be it, as well.

4. Under the proposed rules, the OTS will promote the use of Mutual Holding Company (MHC) conversions/reorganizations. They also state that this is a particularly useful structure if the institution has no immediate plans to deploy the new capital.

I cannot emphasize the following point strongly enough. The MHC format is an inherently flawed business structure. The fact that such an entity exists is bad enough, but that the OTS should openly favor and encourage such a reorganization is unconscionable!

In an MHC, an entity raises capital from investors (who hope to profit from their investment), but management has no accountability to these investors, because the MHC always owns a majority of the stock & always has voting control. The investors have no say in how their company is run -- even their proxies are meaningless.

I seldom invest in MHC deals just because of this situation. And, in light of most recent MHC deals, many other investors feel the same way, both on the stock offering and in current trading.

5. Under the proposed rules, the OTS will require a more comprehensive business plan, one that will show how the company will earn a reasonable ROE ***without*** taking into account stock buybacks or returns of capital.

It is unrealistic to expect an institution to earn a reasonable ROE without these capital management techniques. Even if an institution is earning a reasonable ROE pre-conversion it would be virtually impossible to do so -- even within 3 years -- if their capital base has doubled!

This proposal is also in contradiction with the lifting of restrictions on stock buybacks (as discussed in 1. above). On one hand it proposes to allow virtually unlimited buybacks, but on the it you requires that these buybacks NOT be taken into account in formulation of the business plan.

6. Mutual distributions of excess capital to their communities.

I cannot imagine how his can be done in a fair, appropriate, and reasonable manner. How would you define "community"? Who would get the proceeds, depositors, or "worthy causes"? There is no realistic way to do such a distribution.

Respectfully submitted,

Stan Gold

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